

assured, from personal knowledge or general reputation, that it represents a genuine sale of goods; that those goods supporting its value are existent; that the person upon whom it is drawn is of established repute and standing; and that, consequently, the bill is equivalent to cash.<sup>1</sup> The extent of credit, obviously, is incompetent of numerical expression, but its measure at any time is furnished by the number and value of the commercial transactions which are undertaken and completed upon its basis.

The Bank of England is merely an independent joint stock institution; but, in consequence of its acting as the banker for the Government (receiving the nation's revenue and discharging its obligations), and issuing the payments of interest upon the National Debt, popular conception usually, and erroneously, regards it as the national bank, or a department of the Government service. Without dealing with its formation and history (beyond stating that its incorporation was conceded on condition that its capital was advanced as a loan<sup>2</sup> to the Government of William III for the prosecution of the war with France), it will be sufficient to explain its present constitution and functions. As the basis of this exposition I will examine its Eeturn (or the statement of its financial position), which is before me as I write.

The Bank, originally, was constituted similarly to our existing banks, and simply, like them, conducted its business with the same ends of the preservation of solvency and the benefit of its stockholders; no separation of functions distinguished it from the form which those banks present, and the withdrawal of its notes by payment in cash rested upon its

<sup>1</sup> An Accommodation Bill (Latin, *accommodare*, to adapt, to suit), on the contrary, is a deliberate fiction intended to impose : the " value received " which it expresses is an untruth, since no sale of goods has occurred as its justification : arid the worth of the bill is the worth of the paper which the deceit defaces. It is perhaps not fancible to suggest that a bill of this nature was so called (in distinction from a genuine bill representing the exchange of goods) on account of its being simply drawn in order to fit or

suit the circumstances of the parties to it in bolstering up a credit or reputation which does not really exist, by imitating a real bill.

<sup>2</sup> The original loan of £1,200,000 has been increased by six subsequent borrowings by Government to £11,015,100,' and appears in the Bank's account under the title of " Government Debt."